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SUMMARY

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Prince Sultan continued throughout the month to negotiate with U.S. and UK firms for purchase of a comprehensive air defense system for the Kingdom. The introduction by the British at the beginning of the month of a new offer mixing British-made Lightning interceptors and radar with US communications equipment and Hawk surface-to-air missiles materially altered the negotiations in favor of the British. Although the USG indicated its willingness to support either the British mixed package or the all-US package presented by Lockheed, the King eventually decided November 20 to begin final negotiations on the mixed package. Nevertheless, negotiations with Lockheed were not completely broken off.

The brief visit to Riyadh on November 21 by Senator Mike MANSFIELD and four other U.S. Senators provided a useful occasion for a cordial exchange of views with the King on a variety of subjects. Faysal was obviously pleased by the visit which gave him an opportunity to repeat to a high-level group of American legislators many of his by now familiar viewpoints concerning Saudi-U.S. relations, differences in our respective attitudes toward Communist and Nasserist encroachment in the Middle East, and Saudi Arabian development. A new step toward joint US-Saudi technical cooperation was taken with the signature on November 18 of the formal agreement to proceed with the construction of a \$14 million combination desalting and electric-generating plant at Jidda.

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I. FOREIGN RELATIONS

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C. Palestine

While generally careful to demonstrate their solidarity with other Arab League members in their hatred of Israel, the Saudi Government and news media tended to be less preoccupied with the Palestine issue than in most other Eastern Arab states. Despite the occurrence during the month of the anniversaries of the Balfour Declaration and of the 1947 UN Palestine Partition resolution, Saudi press commentary on these occasions was relatively restrained. Most local editorialists took the attitude that the Arabs would recover Palestine sooner or later but as usual avoided violently emotional denunciations of the US and other Western powers for supporting Israel.

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Despite strong USG demarches in Jidda and New York, the Saudis persisted in abstaining on the final vote on the ^{UNGA} draft resolution to expel the Chinese Nationalists and to offer China's UN seat to Peiping. It similarly abstained on the resolution describing Chinese representation as an important question. While the Saudis are opposed to the expulsion of the Republic of China from the UN, Faysal believes in the principal of universal membership in the UN and is, therefore, reluctant to vote against giving the Chinese mainland representation in the international organization.

II. INTERNAL AFFAIRS

B. Air Defense System Negotiations

Saudi negotiations with US and UK interests for purchase of an air defense system continued throughout the month. After nearly two years of delay Minister of Defense and Aviation Prince Sultan in the latter part of October indicated

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that the Saudi Government was prepared to initiate discussions with Lockheed Corporation for the purchase of Lockheed air defense package including F-104G interceptors, related ground environment equipment and communications gear, and Hawk surface-to-air-missiles. Negotiations began in Riyadh in late October and quickly boiled down to efforts to meet Sultan's request for a reduction in the total cost of the package and for long-term, low interest financing.

At the beginning of November, however, the course of the Saudi-Lockheed negotiations was altered by the introduction into the picture of a new British proposal. The British offer, which was presented to Sultan on November 3 by the Parliamentary Secretary for the Ministry of Aviation John STONEHOUSE, consists of a mixed US-UK package comprising British-made Lightning Mark III aircraft and 3-D radar together with U.S. made Hawk missiles and some communication equipment. Charge SEELYE was present when Stonehouse delivered this proposal to Sultan and, acting on Departmental instructions, informed Sultan that the inclusion of the Hawks and other U.S. components in the British package was approved by the U.S. Government. At the same time he explained that the U.S. remained fully ready and willing to sell Saudi Arabia the all U.S. package, including the F-104G, and that U.S. participation in the British offer was motivated by our desire to be responsive to a specific UK request as well as to provide the Saudi Government with an additional option from which to select its air defense system.

There followed three weeks of intensive discussions between Sultan and Lockheed on the one hand and Sultan and the British on the other, with the U.S. Government continuing to express its readiness to support either proposal. During these negotiations it became clear that Sultan was less interested in the technical merits of the competing packages (which he professed to regard as comparable) than he was in relative prices and credit terms. On November 21 the U.S. and UK Embassies were informed that the King, having been briefed by Sultan on the progress of the negotiations, had instructed his Minister to proceed with the negotiation of the UK proposal. This "decision" was later described as having been one "in principle" only and negotiations with Lockheed were continued.

C. Labor and Internal Security

The third incident, although unaccompanied by violence, is potentially the most serious in that it reflects the continued existence of a clandestine labor organization among Aramco's labor force. On November 20, a score of workers in Aramco's Heavy Equipment Shop in Dhahran attempted to stage a sit-down strike

to back up their demand for removal of an American shop supervisor. Five of the workers were discharged by the company which received the full backing of Amir Saud bin Jiluwi. Aramco believes that an unidentified group was attempting to use the Heavy Equipment Shop as a test of strength. Had they succeeded in securing the removal of this particular American supervisor, Aramco thinks this group would then have attempted to use similar tactics to oust other strong but unpopular supervisors.

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III. U.S.- SAUDI RELATIONS

A. Air Defense

Major focus of U.S.-Saudi relations during November centered on the air defense system negotiations described in Section II B.

B. CODEL Mansfield

The visit to Riyadh on November 21 of a delegation of US Senators led by Senate Majority Leader Mike Mansfield provided the occasion for a cordial exchange of views with the King on a variety of topics. Although the delegation's regrettably tight schedule did not allow them more than four hours in Saudi Arabia, Faysal was obviously pleased by the visit of such a distinguished group of American legislators* whose tour of Eastern European and Asian capitals he was aware had been specifically requested by the President.

Following a briefing given by the Charge and other Country Team officers in Riyadh, the senatorial party had a seventy-minute audience with Faysal during which the King expounded his views on a number of familiar subjects. Inter alia, Faysal referred to the importance he gives to the maintenance of close relations with the U.S., "the cornerstone of our policy, whatever the differences of viewpoint "

FOOTNOTE: Besides Senator Mansfield, other members of the party included Senators AIKEN of Vermont, BOGGS of Delaware, MUSKIE of Maine, and INOUE of Hawaii. They were accompanied by Mesdames Mansfield, Boggs, and Muskies, two members of Senator Mansfield's staff, and several high-ranking DOD and Department of State officers.

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that might arise". At the same time he expressed his belief that, although the U.S. and Saudi Arabia are agreed in principle that Communism must be combatted they disagree on the method of doing so. The U.S., Faysal hinted, is mistaken when it has dealings with leftist leaders (Nasser was obviously implied but not named) for this leftist ideology has led to the introduction of Communist influence into the Middle East. The King also outlined his conviction that real progress depends upon stability and that Saudi Arabia had not reached the stage when meaningful elections or parliamentary institutions could be introduced. For their part, Senator Mansfield and his colleagues extended the President's personal greetings to His Majesty and expressed their admiration at the steps toward progress and development being undertaken under Faysal's rule. They also congratulated Faysal on his role in working for resolution of the Yemen conflict.

While the conversation with the King developed little that was new, the King obviously enjoyed the opportunity to express his viewpoints to a high-level Congressional delegation. The visit once again demonstrated the value which Faysal and other Saudi leaders place on personal contacts with U.S. leaders as the visible expression of U.S. interest in the maintenance of its relationship with Saudi Arabia.

C. Desalination Agreement

By exchange of notes dated November 18 the U.S. and Saudi Governments agreed on the construction of a combination desalting and electricity generating plant at Jidda. The Saudi Government will pay an estimated \$14 million for the plant which will provide five million gallons per day of fresh water and 36,000 kilowatts of power. The Office of Saline Water, Department of the Interior, will supervise the entire project and will let contracts to engineering and construction firms on behalf of the Saudi Government. The US Government is contributing without charge approximately \$300,000 worth of design engineering services for the desalting portion of the plant. A new Saline Water Conversion Office, to be established under Prince MUHAMMAD bin Faysal in the Ministry of Agriculture and Water, will be responsible Saudi Government authority. Through arrangements for continued US observations of the plant's operations, the project will contribute to the U.S. Office of Saline Waters' program to develop desalting technology.

For the Chargé d'Affaires, a.i.

Brooks Wraupelmeier

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Second Secretary of Embassy

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